

At last year's Corporate Finance Faculty annual reception, FTSE 100 company RELX received the ICAEW's coveted Corporate Development Award. Marc Mullen talks to **Sybella Stanley**, RELX's director of corporate finance, about the company's transformational M&A strategy

RECORD HOLDERS

With a market cap of more than £34bn, London-listed RELX has (so far) ridden the COVID-19 market turmoil better than most. The global data and analytics business's share price had fallen just 5.3%, from 1,903.0p at the start of the year to 1,803.0p (as at 23 April 2020) compared to a 22.7% fall in the FTSE 100.

While markets presumably expect data analytics and risk management to be in demand when the world slowly emerges from the COVID-19 crisis, they also see the strong fundamentals that underpin a business that employs more than 33,000 people.

RELX in its current form dates back to a 1992 merger involving UK trade publisher Reed International and Netherlands-based scientific publisher Elsevier - becoming Reed Elsevier. Between 2015 and 2018, Reed Elsevier simplified its corporate structure, moving from a dual- (Dutch and UK) to a single-parent company structure, and rebranding as RELX.

RELX's growth has been further boosted by the successful execution of M&A. This was recognised by the Corporate Finance Faculty at its annual reception last November when the firm was presented with the Corporate Development Award. The award is based on a unique best-in-class methodology devised by the faculty, led by ICAEW's head of corporate finance David Petrie,

with the M&A Research Centre (MARC) at Cass Business School, led by Professor Scott Moeller.

The award was accepted on behalf of RELX by Sybella Stanley, director of corporate finance. She joined RELX in 1997, when the business was still primarily in publishing, and has overseen the acquisitions that have helped to transform the business into what it is today.

When Stanley joined Reed Elsevier from the corporate finance team at merchant bank Barings, she became responsible for M&A and investor relations - the external-facing aspects of the FD job - for the next 15 years.

DIFFERENT LEVEL

In the 1990s shareholder communications were less demanding. "The analyst community expects a different level of communication today," Stanley says. "Our M&A transactions were probably less complicated. We were buying traditional publishing companies, which we simply brought into our existing businesses. We weren't buying the more innovative businesses that we began to buy later on."

Soon after Stanley joined Reed Elsevier a merger with Walters Kluwer was on the table. But in March 1998 the Dutch publisher withdrew from the deal and the two groups set off on different paths. Stanley's first major completed transaction was in 2001 - the \$4.5bn acquisition of Harcourt, whose business

was half in education and half in health sciences publishing. It was integrated with RELX's Heinemann and Elsevier business.

MOVING ON

The next deal in the transformation of the business came in 2004, with the \$775m acquisition of Seisint. Based in Boca Raton, Florida, Seisint had developed the HPCC computing system and had one of the biggest parallel grid computing systems in the world. "That business gave us the technology base to develop what is now our risk business," says Stanley "Several of the people who came with that business are now in senior management positions in RELX.

"That was really the foundation of the transformation of our business and taking our technology to the next stage."

In 2007, Stanley's team made two disposals, selling the UK assessment and education business to Pearson for \$950m, and the US educational business to Houghton Mifflin for \$4bn. "That was one of the last big deals to get financed before the debt markets dried up in 2007," she says.

£34bn+

The current market capitalisation of London-listed RELX. Shares were 1,803.0p on 23 April

THE CV

Sybella Stanley studied ancient and modern history at Oxford University before training as a barrister at Lincoln's Inn. But, having decided a career in law was not for her, she joined the newly founded corporate finance team at Citibank in 1985. The US bank was aggressively expanding in London following the Big Bang. Alongside complex transatlantic and cross-border transactions there were some interesting lessons in management - one being when a Vietnam veteran who was steeped in the oil industry came from the US



to run a traditional British stockbroking business.

Stanley worked on a feasibility study for the takeover of a London merchant bank. Though the transaction didn't go ahead, Stanley decided that was the next step. In 1988 she joined Barings Corporate Finance, recruited by James

(now Baron) Lupton. She spent 10 years at the bank, which topped the M&A league tables for three of those years, advising mainly on public company transactions - for Whitbread, Inchcape and Cable & Wireless, among others.

"As one deal finished, the next one started," Stanley explains. "You were working directly with the boards of some of the largest and most important businesses in the UK at the time. There was no better place to be trained."

After Barings went bust in 1995 it was acquired by ING, and the corporate finance team stayed intact. Stanley was the first to leave, joining

RELX (then Reed Elsevier) in 1997. "Although ING had been a very generous acquirer, it was never going to be quite the same," she says. "I thought about moving to one of the US banks but went for an interview with Reed Elsevier's FD Mark Armour. It was clearly a business that was going to change significantly."

Stanley is a non-executive director of Tate & Lyle and The Merchants Trust. She is a member of the government's Industrial Development Advisory Board and co-chair of the development board at her Oxford *alma mater*, Somerville College.

RELX M&A 2015-2019					SOURCE: RELX
	2015	2016	2017	2018	2019
No. of Acquisitions	19	17	8	9	14
Total Acquisition Consideration	\$171m	\$338m	\$123m	\$978m	\$416m
No. of Disposals	12	7	17	8	14
Total Disposal Consideration	\$73m	\$16m	\$87m	\$45m	\$63m

Last year, RELX had £7.9bn turnover. It has four business units: scientific, technical and medical (£2.6bn turnover); risk and business analytics (£2.3bn); legal (£1.7bn); and exhibitions (£1.3bn).

BUILDING BLOCKS

Acquisitions are completed across RELX, but the larger transactions have focused on the risk business. In 1994, the newly-merged Reed Elsevier acquired LexisNexis, the biggest online search engine for legal and business searches, from Mead Corporation for \$1.5bn. This was the base on which its risk business was built.

In 2008, US-listed ChoicePoint was acquired for \$4.1bn. It had been spun out of Equifax in 1997 and maintained the largest motor claims loss underwriting database. "Choicepoint was the other key acquisition for our risk businesses," says Stanley.

"It's been about gradually building the technology, the capabilities and the databases across all areas as we have moved static businesses more deeply into online spaces. There have been a few side transactions. This had included the acquisition of Accuity that had the US database for routing codes for international bank transfers. We added that to the UK equivalent, Bankers Almanac, which we already owned."

In 2018, RELX completed the \$580m acquisition of ThreatMetrix, one of the largest databases of online digital identities in the world. "Static requirements didn't work in a world where people are interacting through online devices," says Stanley. "Threatmetrix reflected our acquisition of targeted data

"The role of my team is to bring transaction execution and negotiation expertise to complete transactions quickly and effectively"

sets and analytics that are natural additions to our existing business. We look for acquisition opportunities to augment organic growth rather than transform business."

RELX also backs REV venture capital partnership, founded in 2000 by Tony Askew and Kevin Brown. Investing in innovative enterprises, it has 15 companies in its portfolio and focuses on innovative data, technology and analytics businesses.

Stanley believes RELX has always had principles that made its acquisition policy robust: "The analysis of the strategic fit, the technology fit, the operational fit and the commercial fit, as well as the business plans that drive those assets and their financial performance, is very much the responsibility of our commercial operating managers - the people who have deep domain expertise of their market. They are the people who are working through how these acquisitions will incrementally expand and improve the quality of service and deliver increased growth for their businesses.

"The role of my team is to bring transaction execution and negotiation expertise to complete transactions quickly and effectively."

THE VIEW FROM THE TOP

With some of the most experienced technology people working across RELX's businesses, technology assessments and integration plans are typically done internally.

RELX occasionally engages external tech advisers and commercial due diligence firms. "It's very easy to sit in your ivory tower and have a particular view of the market," says Stanley. "We have to make sure that our view is challenged and questioned so that we have the broadest view of that market possible."

RELX commonly uses the Big Four for financial and tax due diligence and, of course, lawyers to assist on negotiations. "The advisers who assist us on these transactions are only as good as the briefing and the instructions they are

given," Stanley says, so external advisers work very closely with the commercial, product, financial and legal teams within the relevant business units. "In the end we want a combined view, so that we're not just saying 'our consultants said this is what it's like'."

Business units have to champion transactions, with the head of the business unit presenting a paper to CEO Erik Engstrom and CFO Nick Luff. "Depending on the complexity and size, or some of the issues that might arise, there will be a level of debate," Stanley explains. "Larger acquisitions go to the main board for approval. We're very pragmatic about investments. If it's a large group of assets we work out whether selling those in chunks to specific operators will deliver more value and offset the increased cost."

The fundamentals of the business may still be strong, but in light of the current climate, Stanley says the current turmoil has slowed M&A: "The pipeline of transactions has slowed down but hasn't disappeared entirely. We've found that some counter parties are putting their transaction processes on hold to review the impact on their businesses and potential liabilities." ●

THE TEAM

When Sybella Stanley joined RELX in 1997, she had a manager, a graduate trainee and a secretary working for her. In 2000, when the investor relations and M&A responsibilities were separated, there was a drive to create a standardised, more centralised approach to M&A execution. The team was expanded to include professionals from investment banks and the Big Four, who each had considerable experience of deal execution.

"Our team is a good way to recruit high-quality talent from external organisations," says Stanley. "Once people have been brought into RELX, we can give them broad experience across the whole organisation."

"The wide range of skills within the team is one of our strengths and as we sit together in London we are easily able to swap learnings.

"Working on transactions at RELX is very much a team effort."